

THREE-YEAR PLAN 1991 - 1993

QUALITY ASSURANCE AND TECHNICAL SERVICES

I. AGGRESSIVELY SUPPORT THE CURRENT BUSINESS

A. Objective

Ensure the standardization of procedures and analytical methodology within the framework of Quality Assurance, in order to guarantee quality consistency and uniformity of our products throughout PME. Ensure coordination with PM-USA.

STRATEGIES

1. Incoming Inspection

- . Ensure that PME incoming inspection/material monitoring procedures fulfill legal requirements.
- . Continue the revision and updating of methods used for the analysis of ingredients, filter additives and adhesives. Complete new specifications by 1991. Standardize with PM-USA. Revise the incoming-inspection procedure for these items.)
- . Continue the revision of packaging-material specifications and complete it by end 1992.
- . Finalize, together with Purchasing, the supplier-rating system. Based on the supplier rating, set up a supplier-improvement program.
- . For selected items, introduce an acceptance procedure based on supplier certificates, audits and quality records.
- . Continue efforts for the introduction of concentrated base flavors for Marlboro production, thus standardizing the flavor system with PM-USA and contributing to substantial cost savings.

2021391656

2. Subjective Testing

Review and standardize the methodology used for taste evaluation while considering the results of the monitoring initiated in 1989.

3. CORESTA/ISO

Participate in the Company's efforts leading to the approval of appropriate testing methods of ours and competitors' products, with emphasis on cigarette analysis and physical characterization of tobacco.

4. Analytical Smoking

Take advantage of the PM Smoking Laboratory working group, created in 1989, to adapt current PME procedures to the new requirements of CORESTA/ISO methods when the latter are enforced. Another main objective of the task force is to harmonize smoking procedures.

5. Primary

Take advantage of the primary working group, established in 1990, to standardize critical methods and specifications in the European Primaries.

6. PM-Spain

Integrate PM-Spain into the PME-QA system through technical assistance, training, interlaboratory tests and monitoring. Ensure that products comply to legal and PME requirements.

7. Physical Testing

Set up a QA task force for the analysis of physical cigarette parameters. Ensure through revision of methods and interlaboratory tests that results reported by the various laboratories are comparable.

2021391657

B. Objective

Establish and maintain efficient product auditing systems in order to ensure optimization of product quality.

STRATEGIES

1. Material Evaluation/Testing

- . Continue audits of main suppliers of nontobacco materials.
- . Selectively reduce material inspection in the laboratory for standard materials.

2. Cigarette Information

- . Review current cigarette-information activities in order to support Marketing and Product Development with information on the market situation. Ensure quick information on competitors' products. Replace the actual "Coldac" system by the DEC-Beckman CALS data acquisition system.
- . Study, with Product Development, the possibilities to use the actual data base to produce comprehensive reports on important cigarette properties, e.g., tar/SN ratio, tar per puff, etc. This information would enable correlating market data with cigarette characteristics.
- . Develop the actual monitoring function for cigarette-information laboratories to cope with the increasing number of official laboratories in the two regions. Strengthen contacts among specialists within our Affiliates.
- . Develop the capacity of the cigarette-information laboratory to cope with future needs. Contribute to the project of a new smoking laboratory.

2021391658

3. Filter and Firmness Monitoring

Make use of the reports created in 1989 in order to identify opportunities for improvement and act as a catalyst within the region for the dissemination of respective technical solutions.

4. Visual Inspection

- . Introduce the new visual inspection handbook, prepared in cooperation with PM-USA, in all Affiliates and Licensees. Standardize visual inspection throughout the region and with PM-USA, which will lead to an increased objectivity of product evaluations.
- . Introduce VQA-laboratory monitoring.
- . Replace the current centralized factory audit system by a standardized and comparable local audit. Increase efforts for centralized market audits.

5. Customer Complaints

Set up, together with Marketing/Sales, a procedure for an efficient and objective acquisition/evaluation of customer complaints. Standardize this procedure throughout PME and use the results for defining of QA-objectives.

2021391659

C. Objective

Develop Quality Awareness within Philip Morris Europe.

STRATEGIES

1. Workshops / Seminars

- . Promote the organization of seminars, workshops and quality campaigns within PME Affiliates and Licensees.
- . Organize seminars to improve the utilization of statistics in quality assurance.

2. Training Tools

- . Review and update the slide show "Quality Assurance in the Cigarette Industry".
- . Develop a training program on infestation control and fumigation.

3. Salesforce / Distributors

Protect product quality in the market place by making Quality-oriented training programs available to the salesforce and PM distributors.

2021391660

D. Objective

Develop product knowledge and master new technologies in order to ensure our technical expertise and responsiveness. Promote the transfer of current and newly developed technologies within the PME Quality Assurance Departments.

STRATEGIES

1. Tobacco Monitoring

Analyse the physical characteristics of the tobaccos used in PME and correlate them to the yields in Primaries and Secondaries as well as to the finished-product quality.

2. Consumer Perception of Quality

Evaluate information available on the consumers' perception of cigarette quality. Make use of the data for targeted product quality improvement.

3. Machinability of Materials

Identify supplies' specific parameters that influence machinability and develop related testing methods. Ultimately, revise material specifications accordingly.

4. Filter

Further develop "filter manufacturing support" and provide technical assistance to PME factories to improve filter consistency and machine efficiency as well as to reduce material wastage and manufacturing costs.

2021391661

5. Quality Problem-Solving

- . Make use of visual inspection results to detect common problem areas and propose action plans.
- . Develop the flow of information between PME and PM-USA to address and exchange specific quality-related improvements, e.g., aspect quality.

6. High-Speed Machinery

Study the impact of increased automation brought about by the new machine generation on current QA activities. Revise procedures accordingly.

7. PME Affiliates/Licensees

Provide assistance to all manufacturing centers for quality-related programs/problems.

8. External Official Testing Laboratories

Maintain close contact with official testing laboratories. Ensure that official laboratories test correctly PM products through adequate monitoring, and provide scientific assistance in areas that are critical to our business, e.g., GCC.

2021391662

9. Infestation Control / Fumigation

- . Assist AOD in the implementation of the new PM infestation-control program in the production and storage areas of our Licensees.
- . Improve the quality of PME tobaccos with respect to infestation control through training our leaf suppliers in phosphine fumigation.
- . Study/develop, together with PM-USA, alternative technologies for pest control which could efficiently replace phosphine fumigations.

16.10.90/3year91b.dis

2021391663